(3)

FILED
MAY 23 1991
OFFICE OF THE CLERK

No. 90-1561

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

BORDEN, INC.,

Petitioner,

vs.

MEIJI MILK PRODUCTS CO., LTD.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

PETITIONER'S REPLY BRIEF

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
280 Park Avenue
New York, New York 10017
(212) 922-1800

Of Counsel:
WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215
(614) 225-4000

24p.

TABLE OF CONTENTS

Page

I. BORDEN, INC.'S PETITION FOR A WRIT OF CERTIORARI IS NOT MOOT.....1

A. Borden's Injury is Real and Justiciable.....1

B. Borden's Complaint, Which Was Dismissed by the District Court, Seeks Preliminary and Permanent Injunctive Relief for Destruction of Goodwill Separate and Apart From a Preliminary Injunction In Aid of Arbitration.....5

II. THE SECOND CIRCUIT IMPROPERLY SUBSTITUTED ITS OWN DISCRETION FOR THAT OF THE DISTRICT COURT AFTER HOLDING THAT THE DISTRICT COURT COMMITTED A FACTUAL ERROR....8

III. THE DISTRICT COURT IN THE INSTANT CASE DID NOT CONSIDER "AT THE OUTSET" WHETHER JAPAN WAS AN ADEQUATE ALTERNATIVE FORUM.....11

IV. MEIJI FAILED ON THE EXISTING RECORD TO ESTABLISH THE ADEQUACY OF JAPAN AS AN ALTERNATIVE FORUM.....13

V. THERE IS A CONFLICT AMONG THE CIRCUITS BASED ON THIS COURT'S STATEMENT IN PIPER AIRCRAFT CO. V. REYNO ON THE ORDER OF ANALYSIS TO BE EMPLOYED IN AN INTERNATIONAL FORUM NON CONVENIENS CASE.....16

CONCLUSION.....19

TABLE OF AUTHORITIES

Cases **Page**

Atchison Topeka & Santa Fe Rwy. v. Barret, 246 F.2d 846, 849(9th Cir. 1957).....10

Canadian Overseas Ores Ltd. v. Compania Di Acero Del Pacifico, S.A., 528 F. Supp. 1337 (S.D.N.Y. 1982), aff'd, 727 F.2d 274 (2d Cir. 1984).....14

Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947).....9,12

Hatzlachh Supply Inc. v. Tradewind Airways Ltd., 659 F. Supp. 112 (S.D.N.Y. 1987).....15

In Re Union Carbide Gas Plant Disaster, 809 F.2d 195 (2d Cir. 1987), cert. denied, 484 U.S. 871 (1987).....15

Lewis v. Continental Bank Corp., 494 U.S. 472 (1990).....1

Meyer v. Grant, 486 U.S. 414 (1988).....3

Murphy v. Hunt, 455 U.S. 478 (1982).....7

Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981).....16,17,18

United States Parole Comm'n v. Geraghty, 445 U.S. 388 (1980), cert. denied, 465 U.S. 1103 (1984).....7

United States v. Robinson, 560 F.2d 507 (2d Cir. 1977).....9

I. BORDEN, INC.'S PETITION FOR A WRIT OF CERTIORARI IS NOT MOOT

A. Borden's Injury is Real and Justiciable

"To invoke the jurisdiction of a federal court, a litigant must have suffered, or be threatened with, an actual injury traceable to the defendant and likely to be redressed by a favorable judicial decision." Lewis v. Continental Bank Corp., 494 U.S. 472, 477 (1990) (citations omitted). Federal courts have the power to resolve "real and substantial controversies" admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts. Id. (citations omitted). Additionally, as this Court has repeatedly recognized, a controversy remains justiciable if it is

"capable of repetition yet evading review." Id.

Borden, Inc., ("Borden"), has suffered, and continues to suffer on a daily basis, irreparable injury to its goodwill and name. Meiji's actions in using the identical packaging and trade dress for its margarine products as used for Borden's margarine products under an exclusive licensing agreement, ("Margarine Agreement"), as alleged in Borden's complaint, amounts to a continuous wrongful destruction of goodwill for which Borden has sought both preliminary and permanent injunctive relief. This wrongful destruction of goodwill creates irreparable injury which is being repeated on a daily basis.

Borden has been zealously protecting its rights to prevent further irreparable injury. Meiji's continued use

of the exact packaging and trade dress utilized for over seven (7) years under the Margarine Agreement that became closely associated with the name and goodwill of Borden, presents a real, actual and continuing controversy requiring judicial relief. If the complaint is not reinstated, this repetitious injury will effectively evade judicial review.

This Court may exercise jurisdiction over an action if "(1) the challenged action [is] in its duration too short to be fully litigated prior to its cessation or expiration; and (2) there [is] a reasonable expectation that the same complaining party would be subjected to the same action again." Meyer v. Grant, 486 U.S. 414, 417 n.2 (1988) (citations omitted).

Borden instituted its complaint

Borden instituted its complaint in the district court by way of order to show cause almost two (2) months prior to the expiration of the Margarine Agreement. In spite of repeated requests for expedited relief from the district court, no decision was rendered until one (1) day before the Margarine Agreement expired.

Moreover, as discussed infra at footnote 6, Borden has, in a related matter, sought relief in both the Japanese legal system and from the Japan Commercial Arbitration Association. In spite of efforts to expedite these matters, no relief has been obtained.

In sum, the real, actual and continuing damage to Borden's goodwill and name as a result of Meiji's unilateral use of the identical packaging and trade dress used for Borden products presents a justiciable controversy to this Court.

B. Borden's Complaint, Which Was Dismissed by the District Court, Seeks Preliminary and Permanent Injunctive Relief for Destruction of Goodwill Separate and Apart From a Preliminary Injunction In Aid of Arbitration

The argument in the Brief of Respondent ("Res. Br.") that the Petition[1] is moot because Borden is no longer seeking the relief requested in the proceedings below, is incorrect.

Borden is seeking to have its Complaint reinstated. The complaint sought a permanent injunction to restrain Meiji Milk Products Co., Ltd. ("Meiji") from continuing the wrongful destruction of Borden's goodwill. This claim for relief is distinguished from Borden's claim for breach of the Margarine Agreement and related request for a

---

[1] References to Borden's Petition for Writ of Certiorari are designated as "Petition p. __".

preliminary injunction in aid of arbitration. Accordingly, there is a live justiciable issue before the district court should this Court grant the writ, reverse the court below and reinstate the Complaint.

Meiji admits in its brief (Res. Br. p. 5) that Borden asserted two claims, one for breach of contract under Section 4.3 of the Margarine Agreement and one for "wrongful destruction of goodwill" (emphasis supplied). Borden's Complaint therefore, not only sought relief under the Margarine Agreement, it also sought a permanent injunction from the district court on a separate claim of "wrongful destruction of goodwill." Accordingly, the Petition, which seeks to have the complaint reinstated, involves a claim asserted by Borden which is separate and distinct from its claim involving breach

if Borden desires to pursue, would be arbitrated.

Borden's request for a permanent injunction, governed by New York law, to enjoin the continuous use by Meiji of identical packaging and trade dress is a live issue which affects the rights of Borden and Meiji.[2] Murphy v. Hunt, 465 U.S. 478, 481 (1982) [(quoting United States Parole Comm'n v. Geraghty, 445 U.S. 388, 396 (1980), cert. denied, 465 U.S. 1103 (1984)]. Borden continues to seek equitable relief in federal court for the continuous irreparable harm to Borden's

---

[2] Under New York law, which governs all disputes between the parties, as between a licensor and licensee, the packaging inures to the benefit of the licensor, Borden. (See Distillerie Flli Ramazzotti v. Banfi Products Co., 52 Misc. 2d 593, 276 N.Y.S.2d 413 (Sup. Ct. N.Y. Cty. 1967), aff'd, 27 A.D.2d 905, 280 N.Y.S.2d 892 (1st Dep't 1967). Accordingly, Borden's claim is fairly supported by New York law.

goodwill as a result of Meiji's continuous use of identical packaging and trade dress.

II. THE SECOND CIRCUIT IMPROPERLY SUBSTITUTED ITS OWN DISCRETION FOR THAT OF THE DISTRICT COURT AFTER HOLDING THAT THE DISTRICT COURT COMMITTED A FACTUAL ERROR

The Second Circuit found that the district court did not have the benefit of knowledge of the parties' agreement not to call any Japanese witnesses at a hearing on Borden's request for a preliminary injunction. (A-17[3] According to the Second Circuit, "this unfortunate error resulted, at least in part, from the highly irregular procedure followed by the court in reaching and rendering its dismissal decision." (Emphasis supplied) (A-17)

---

[3] Citations to the Appendix annexed to Borden's Petition for Writ of Certiorari are designated as "A-__".

The Second Circuit, not knowing the weight accorded any of the individual "Gilbert factors"[4] relied on by the district court, erroneously substituted its own discretion for that of the district court when it assumed that the clear mistake of fact by the district court did not "fatally undermine" the district court's findings. (A-18) The Second Circuit's own weighing of the Gilbert factors and substitution of its own discretionary judgment is in contravention of the law and policy followed in the Second Circuit. United States v. Robinson, 560 F.2d 507 (2d Cir. 1977) (en banc) cert. denied, 435 U.S. 905 (1978) ("[w]e thus adhere to the

---

[4] The Second Circuit addressed the forum non conveniens factors adopted by this Court in the case of Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508-09 (1947) as the "Gilbert factors".

traditional formulation of the abuse of discretion standard which is based on the premise that the Court of Appeals should not and will not substitute its judgment for that of the trial court." citing Atchison Topeka & Santa Fe Rwy. v. Barret, 246 F.2d 846, 849 (9th Cir. 1957).

The factual error by the district court led it to conclude erroneously that the Gilbert factors related to what parties would be called as witnesses and the cost of obtaining the attendance of witnesses favored a hearing in Japan, when in fact it actually favored a hearing in New York. While, as the Second Circuit noted, the district court considered certain other Gilbert factors in its decision, there is no indication of the relative weight given to each of the various Gilbert factors. Indeed, there is no basis in the district court's opinion

from which to infer what conclusion the district court would have reached had it properly found that the witness factor favored New York, not Japan.

This reason alone requires that this Court, at the very least, grant the Petition and remand this case to the district court in order that the district court can properly consider all relevant factors with full knowledge of the facts, and with the benefit of full oral argument.

III. THE DISTRICT COURT IN THE INSTANT CASE DID NOT CONSIDER "AT THE OUTSET" WHETHER JAPAN WAS AN ADEQUATE ALTERNATIVE FORUM

Meiji misleads this Court by stating that the district court determined that an alternative forum was available prior to analyzing the factors enunciated

in Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947)(Res. Br. p. 6, 11, 12)(emphasis in original). In fact, it was not until the district court judge had decided that the private and public interest factors of Gilbert dictated that the motion should more properly be brought before a Japanese court that the availability of an alternative remedy was addressed (A-54-57).[5] As such, the district court, having at the outset already decided that Japan was a more appropriate forum, improperly shifted the burden to Borden to prove that Japan was not an adequate forum from Meiji who shouldered the burden, "at the outset", of proving that Japan was an

---

[5] In fact, the citations on pages 6, 11 and 12 of Res. Br. to Appendix p. 37 does not contain the quote ascribed to the district court. In fact, A-37 supports Borden's argument that the district court "at the outset" considered the Gilbert factors before considering whether Japan was an adequate alternative forum.

adequate alternative forum for the relief requested by Borden.[6]

IV. MEIJI FAILED ON THE EXISTING RECORD TO ESTABLISH THE ADEQUACY OF JAPAN AS AN ALTERNATIVE FORUM

The Second Circuit regarded the district court's conclusion that Japan is an adequate alternative forum as being "adequately supported by the record," and found that the record indicates "a good

---

[6] The significance of this shifting of the burden in an international commercial case, such as the instant case, is readily apparent. A United States multi-national corporation, such as Borden, will always be required to litigate commercial disputes arising out of licensing agreements in the foreign country because the agreement is always performed in the foreign country. As such, when the Gilbert factors are applied prior to a consideration "at the outset" of an adequate available forum, there will always be a determination that the foreign forum is more convenient. In essence, the threshold issue of adequacy of the alternative forum then becomes secondary to the Gilbert factors and acts to shift the burden improperly to the United States corporation to prove that the foreign forum is not adequate.

grant preliminary relief..." (A-20) Borden submits that the existence of a "good possibility" falls far short, as a matter of law, of satisfying Meiji's burden of proof that Japan is (not may be) an adequate alternative forum.

In any event, the state of the record in this case is insufficient, as a matter of law, to carry Meiji's burden of proving the adequacy of Japan as an alternative forum. The record in the district court contained nothing but one controverted expert opinion which fails to meet Meiji's burden of proof.

For example, in Canadian Overseas Ores Ltd. v. Compania Di Acero Del Pacifico, S.A., 528 F. Supp. 1337 (S.D.N.Y. 1982), aff'd, 727 F.2d 274 (2d Cir. 1984), the court held that conflicting affidavits do not satisfy the defendant's burden of establishing the

that the party asserting the appropriateness of the foreign forum (here, Meiji) retains the burden of demonstrating its adequacy, stating:

> where differing views are expressed by the experts that the [foreign forum] would be an adequate forum [the defendant] has failed to carry its burden of persuasion that [plaintiff's] choice of forum should be disturbed.

Id. at 1343.

The law of the Second Circuit precludes a court from depriving a U.S. plaintiff of its presumed right to choose the forum solely on the basis of "dueling affidavits." See also, In Re Union Carbide Gas Plant Disaster, 809 F.2d 195 (2d Cir. 1987), cert. denied, 484 U.S. 871 (1987), Hatzlachh Supply Inc. v. Tradewind Airways Ltd., 659 F. Supp. 112 (S.D.N.Y. 1987).

It is clearly inequitable, when a party is seeking expedited relief, to

require a plaintiff that has admittedly filed its case in a court of proper jurisdiction and venue, to go halfway around the world to another forum, which is acknowledged as anachronistic, to initiate yet another proceeding to attempt to obtain relief that is needed in order to halt serious, continuing irreparable harm.

V. THERE IS A CONFLICT AMONG THE CIRCUITS BASED ON THIS COURT'S STATEMENT IN PIPER AIRCRAFT CO. V. REYNO ON THE ORDER OF ANALYSIS TO BE EMPLOYED IN AN INTERNATIONAL FORUM NON CONVENIENS CASE

In Piper Aircraft Co. v. Reyno, 454 U.S. 235 (1981), this Court clearly articulated that in a case involving international forum non conveniens considerations, the order of analysis to be applied requires that "at the outset" and as an "initial requirement" the

exists an adequate alternative forum. Piper, 454 U.S. 235, 254 (n. 22). This statement is consistent with the concept that a plaintiff's choice of forum should not be disturbed on grounds of convenience unless the other forum is an adequate alternative forum.[7]

As set forth in the Petition, pp. 21-26, the United States Courts of Appeals for the Fifth Circuit, Eighth Circuit, and Ninth Circuits have clearly articulated that it is not until after a court

---

[7] As set forth in the Petition, p. 14-15, n. 4, the Japanese Court, in the related matter between Borden and Meiji involving a licensing agreement for ice cream products, did not render a decision within sixty (60) days of Borden's filing for a request for a preliminary injunction in Japan. Therefore, based on the sixty (60) day conditional dismissal of the Second Circuit, which was the basis for the conditional dismissal in the ice cream case, Japan has proven to be an inadequate forum.

available and adequate alternative forum that there should be an inquiry into the public and private interest factors of Gilbert.

Accordingly, based on this Court's directive in Piper, the decision and order of the United States Court of Appeals for the Second Circuit in the instant case affirming the district court is in conflict with the analyses adopted by the United States Courts of Appeals for the Fifth Circuit, Eighth Circuit and Ninth Circuits.

CONCLUSION

For the foregoing reasons, and for those reasons as set forth more fully in the Petition, this Court should grant the writ, reverse the decision of the court below and reinstate Borden's complaint.

Dated: New York, New York
May 23, 1991

Respectfully submitted,

KEVIN J. PLUNKETT
Counsel of Record
SHANNON P. O'NEILL
PLUNKETT & JAFFE, P.C.
280 Park Avenue
West Tower - 35th Floor
New York, NY 10017
(212)922-1800

Attorney for Petitioner
Borden, Inc.

WALTER W. KOCHER
HANS FISCHER
H. STEPHEN HARRIS, JR.
180 East Broad Street
Columbus, Ohio 43215
(614)225-4500